

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 OTTAWA 001203

SIPDIS

SENSITIVE

STATE FOR G, OES/ETC, OES/EGC, EB/ESC/ISC, AND WHA/CAN  
USDOC FOR 4320/ITA/MAX/WH/ONIA -- WORD  
DOE FOR INTERNATIONAL AFFAIRS (DEUTSCH) AND BPA (ATKINS)  
EPA OF OFFICE OF THE ADMINISTRATOR, INTERNATIONAL AFFAIRS  
AND BRIAN MCLEAN

E.O. 12958: N/A

TAGS: [SENV](#) [ENRG](#) [CA](#)

SUBJECT: DETAILS EMERGE ON CANADA'S CLIMATE CHANGE STRATEGY  
AND PLANS FOR COP-11

REF: A. OTTAWA 1125

[1](#)B. OTTAWA 886

[1](#)1. (U) Sensitive but Unclassified.

[1](#)2. (U) This is an action message. Please see paragraph 12.

[1](#)3. (SBU) Summary: According to a senior official at Environment Canada, the GOC's recently unveiled climate change strategy (reftel) reflects an attempt to meet Canada's Kyoto targets while growing the Canadian economy and preparing for a post-Kyoto emissions regime. Issues such as competitiveness with the United States, as well as differing regional priorities within Canada, will be difficult to resolve, and the GOC sees continued engagement with the United States as critical to its climate change strategy. Domestically, the purchase of foreign emissions credits will be especially controversial. The debate over the plan takes place as the GOC begins to organize itself for the UN Framework Convention on Climate Change 11th Conference of Parties meeting in Montreal in November. End summary.

LIMITING EMISSIONS, GROWING THE ECONOMY  
-----

[1](#)4. (SBU) According to Jean Boutet, Senior Departmental Policy Advisor to Minister of Environment Stephane Dion, the GOC believes that continued engagement with the United States will be fundamental as Canada struggles to reduce emissions and grow its economy. Clean coal is one area that offers opportunities for increased bilateral cooperation, he said, and suggested that the U.S. FutureGen project should be on the agenda of future U.S.-Canada energy bilats. Boutet told Emboffs that Canada's climate plan envisions a deep transformation of the economy in the coming decades, as a steady shift takes place towards renewable and clean energy. He added that interagency differences have largely been resolved, and that while Environment Minister Dion and Natural Resources Minister John Efford agree on the need to honor Canada's obligations under Kyoto, Environment Canada now has the lead on this issue within the GOC. An early visit to Canada by Undersecretary of State for Global Affairs Paula Dobriansky, Boutet said, would be welcomed by Dion and other senior GOC officials involved in the climate change portfolio. The visit, he suggested, would optimally take place before this summer's G-8 summit.

[1](#)5. (SBU) Boutet acknowledged that the Alberta oilsands represent an especially difficult problem for the GOC, as production is expected to double in the next 10 years to more than two million barrels of oil per day. Greenhouse gas (GHG) emissions from the oilsands are higher than from conventional petroleum sources, and while technological improvements are reducing emissions-per-barrel, the problem remains of how to achieve absolute reductions. Boutet said components of the GOC's strategy (reftel) such as emissions trading, green surplus credits, and the "Climate Fund" are intended to offset the higher emissions from oilsands expansion.

[1](#)6. (SBU) Although the GOC "will do its utmost" to reduce GHG emissions, Boutet said, it makes no apology for plans to purchase emissions credits from abroad. Despite the negative optics of paying foreigners for "hot air," Boutet said that purchasing foreign credits is environmentally sound, is consistent with GOC foreign policy priorities, can lead to direct environmental benefits for Canada (e.g., reduced soot deposits in the Arctic). Further, the GOC's Finance Ministry appears prepared to fund such purchases. Boutet acknowledged that among other problems, the GOC's plan to spend up to C\$5 billion (approximately \$4 billion U.S.) on a "Climate Fund" to purchase GHG emissions credits does not provide recognition for early emissions reducers, and also that emissions prices may rise significantly over time.

REGIONAL CONSIDERATIONS  
-----

17. (SBU) One of the key elements of Canada's plan is an East-West electrical transmission corridor. The goal, Boutet said, is to bring clean hydropower into Ontario from Manitoba, Quebec, and Newfoundland (at present, much of Quebec's surplus hydropower is sold to the United States, primarily to New York and New England). Boutet explained that the GOC envisions a "green" transmission line, one which would be able to pick up co-generation assets along the way. The project, which would likely be done in stages, would need considerable support from both the federal and provincial governments.

18. (SBU) The East-West transmission corridor takes on added importance as the provincial Ontario government shows no inclination to back away from plans to close all of its coal-fired power plants, about 7,500 megawatts total capacity (one quarter of Ontario's generation assets) by 2007. Boutet opined that the Ontario government is simply "not interested" in clean coal technology. Rather, the provincial government is focused on promoting wind and other renewables, as well as the transmission corridor.

19. (SBU) Boutet told Emboffs that reaction in Quebec to the climate change plan has been dismay over the fact that emissions credits may be available for new gas-fired generation, but not for new hydropower. Quebec's power strategy, Boutet explained, will continue to depend on a complementary blend of hydropower and renewables. Manitoba, he added, is seeking to take a leading role among the provinces in developing sources of renewable energy, and the provincial government has signed a memorandum of understanding with the Government of Iceland to advance joint projects.

#### PLANS FOR COP-11

-----

10. (SBU) As Canada prepares to host the 11th Conference of Parties (COP-11) to the UN Framework Convention on Climate Change beginning in late November, the GOC is examining how the meeting can promote a useful dialog regarding climate change strategies. Boutet said that the hope is for real discussion, rather than "189 monologues." Among the topics under consideration for the agenda, he said, are post-2012 commitments, emissions reductions and economic growth, development and deployment of new technology, carbon markets, and adaptation strategies. In addition, the GOC may want to open talks regarding a global agreement on coal.

11. (SBU) The COP-11 meeting will include a technology fair, Boutet said, and the mayor of Montreal wants to hold an international mayor's conference on the margins of the meeting. The GOC, he added, is hoping that heads of government from around the world will attend the conference. In September, Montreal will host a meeting of the Intergovernmental Panel on Climate Change, where the GOC intends to raise the use of climate change science for regional modeling. Boutet added that the GOC may also seek to involve First Nations, the Arctic Council, and traditional societies in climate change discussions.

12. (SBU) Action request: Per paragraph 4, Embassy requests that Department consider a visit by Undersecretary Dobriansky to Ottawa in the near future, primarily to discuss climate change and plans for COP-11 with senior GOC officials. Embassy would also be pleased to arrange public diplomacy events during the visit if so desired.

Visit Canada's Classified Web Site at  
<http://www.state.sgov.gov/p/wha/ottawa>

DICKSON